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March 1, 2011

Via Electronic Submission

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: CC Docket 98-170, Truth in Billing
CG Docket 09-158, Consumer Information and Disclosure
CG Docket 10-207, Empowering Consumers to Avoid Bill Shock

Dear Ms. Dortch:

On February 24, 2011, AT&T responded to a letter sent by Consumers Union to AT&T. A copy of this letter was provided to Chairman Genachowski on March 1, 2011. Please place this letter in the record of the above referenced proceedings.

If you have any questions, please call the undersigned at 202-457-3039.

Sincerely,

/s/ Toni Acton

Toni R. Acton

cc: Joel Gurin
Mark Stone

Attachment



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February 24, 2011

Parul P. Desai
Policy Counsel
Consumer Union
1101 17th Street NW, Ste. 500
Washington, DC 20036

Dear Ms. Desai:

I am responding to your January 26, 2011, letter to Randall Stephenson, in which you express concern over recent changes to AT&T's text-messaging packages and device-upgrade policy. In particular, you note the prospective elimination of our \$5 plan and its potential impact on low-volume users; seek clarification on whether existing text-messaging customers will be required to adopt the new plans when their contracts expire; and urge us separately to notify each of our existing customers about the new text-messaging plans. In addition, you raise concerns about the elimination of certain discounts associated with our device-upgrade policy and the need to notify customers about this change.

We made recent changes to our text-messaging plans for the most fundamental of reasons: the new structure better matches our customers' needs and how they use the service, and provides them with greater value as compared to the plans we eliminated. Effective January 23, 2011, AT&T discontinued two text-messaging plans: the \$5 per month/200-message package and the \$15 per month/1500-message package. In their place, AT&T introduced a new messaging plan that provides 1000 messages for \$10 per month. Notably, the \$5 plan was our least popular option and had both the lowest adoption rate and highest effective per-message rate (\$0.025/message). And, while the new \$10 plan costs twice as much, it provides *five times* the number of messages. Now, customers need only spend \$10 instead of \$15 per month to get an effective rate of a penny per message. Alternatively, very high frequency users can purchase unlimited text-messaging capability for just \$20 per month and the lowest-frequency users can simply pay per use at a rate of \$0.20 per message. In short, our text-message offerings now better match the way our customers use the service.

Your letter also correctly notes that, effective January 23, 2011, AT&T changed its upgrade policy. AT&T's upgrade policy gives customers who have not yet fulfilled their 2-year contractual commitment the ability to purchase the latest technology in mobile devices at the same price as a brand new customer would in exchange for signing a new 2-year contractual commitment. In 2007, AT&T began offering some customers the opportunity to receive *additional* discounts when they upgraded. It is only those additional discounts that have been discontinued; the standard upgrade policy remains in effect. Moreover, customers who were eligible to receive the additional discounts as of January 23, 2011, will remain

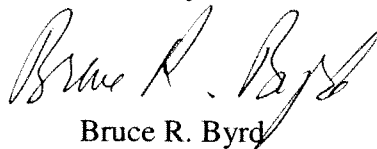
eligible for them for an additional six months, until July 23, 2011. Our current upgrade policy, even without the additional discounts, provides great flexibility to and tremendous value for our customers, as evidenced by the large numbers of customers who elect to upgrade before their term commitments are fulfilled.

Your letter also suggests that there was a lack of transparency regarding these recent changes. We respectfully disagree with this characterization. We have made and will continue to make information about our new text-messaging plans available through various forms of marketing and advertising, and through our network of stores and sales and customer service representatives – just like we proactively do with any changes to our plans or pricing. Our existing customers who were on the \$5 and \$15 messaging plans as of January 23, 2011, are not required to change their plans at this time, and there currently is no intent to require existing customers to give up those packages when their term commitments expire. Therefore, it would have made no sense to separately notify existing customers of the new rate and package structure; doing so would actually have done more to confuse than inform our customers. Rather, we made customers aware of the revisions to the upgrade policy online through the same effective and efficient manner which we have used to communicate prior updates to the upgrade policy – including when we introduced the additional discounts (see <http://www.wireless.att.com/learn/why/upgrade-advantage.jsp>).

At AT&T, we listen to our customers and are constantly looking for ways to exceed their expectations by improving our services and providing them with new capabilities and choices. We recently expanded the mobile-to-mobile calling community from all AT&T wireless customers in the U.S. to all wireless customers of *any* wireless provider in the U.S., at no extra charge. This represents an additional 200 million mobile phone numbers with which AT&T customers now have unlimited calling. The primary eligibility requirement is that the customer merely subscribe to an unlimited messaging plan. Additionally, we have been improving our courtesy alerts, which provide free notifications when customers are approaching and when they have met their data-plan limits. These are just two examples of several recent initiatives we have undertaken to better serve our customers.

If it would be helpful to Consumers Union, we would be happy to meet with you in the future to discuss these and other efforts we have implemented to ensure that our customers have the best possible experience when they use our products and services.

Sincerely,



Bruce R. Byrd

cc: Hon. Julius Genachowski
Chairman, Federal Communications Commission